

ATTACHMENT 5

**HEARING OF THE CENTRAL VALLEY REGIONAL WATER QUALITY CONTROL
BOARD**

**PROPOSED CLEANUP AND ABATEMENT ORDER R5-2009-xxxx
FOR THE ELGIN MERCURY MINE
COLUSA COUNTY, CALIFORNIA**

AFFIDAVIT OF KARL BURKE

Having been duly sworn, I, KARL BURKE, do state the following:

1. I am now, and at all times mentioned have been, a citizen of the United States, over eighteen years of age, competent to make this affidavit, and make this affidavit from my own personal knowledge, judgment, and professional experience, and if called upon to testify in the above matter, can testify to the following facts of my own knowledge.
2. I am a Regulatory Affairs Manager/Closure Manager employed by Homestake Mining Company of California, an indirect subsidiary of Barrick Gold Corporation. Since March 2006, I have been assigned by Homestake to manage the mine closure process at the McLaughlin Mine in Napa County, California, which is being carried out under the oversight of the Regional Water Quality Control Board, Central Valley.
3. As a mine closure manager, I am familiar with the recordkeeping systems maintained by Homestake for properties on which it carried out exploration and development activities, and with the types of records routinely maintained in those systems. The records maintained would include copies of all leases and deeds, correspondence relating to the implementation of any obligations under the terms of a lease (e.g., lease or royalty payments), correspondence with regulatory agencies, including copies of permits sought and obtained for activities carried out on the property, and reports, memoranda and correspondence on planning and evaluating exploration, development, mining and reclamation activities.
4. As part of my responsibilities in the Cache Creek area, I was asked to review company files maintained for exploration activities carried out by Homestake within the Sulphur Creek Watershed and specifically with respect to Homestake's activities in and around Colusa County Assessor Parcels 018-100-002-000, 018-100-003-000, and 018-100-004-000 (Exhibit A). Parcels 018-100-002-000 and 018-100-004-000 are patented mining claims and are the location of the Elgin Mercury Mine and retort respectively (hereafter the "Elgin Mine Property"); 018-100-003-000 is Homestead Entry Patent #7279 dated Nov. 4, 1899 and patented to Henry C. Jones.
5. In my review of Homestake documents regarding these three Assessment Parcels and the Elgin Mine, I found no documents indicating that Homestake had ever held a fee interest in any of these three Assessor Parcels. I found no documents indicating that Homestake has had any interest of any nature in Parcels 018-100-002-000 and 018-100-004-000. I found no

documents indicating that Homestake has held an interest of any nature in Assessor Parcel 018-100-003-000 other than its rights and interests under the Terhel Farm lease in effect between 1978 and 1992.

6. No documents I reviewed in the Homestake files indicated that Homestake had undertaken any development or mining activity in the areas covered by the three Assessor Parcels other than surface rock sampling (i.e., utilizing a rock hammer and chisel). The records described activities related solely to Homestake's preliminary evaluation of exploration potential in areas within those three Assessor Parcels around the location of the Elgin Mine Property, occurring at various times in the period from 1978 to 1992. The records did not indicate that any work was carried out by or on behalf of Homestake in those Assessor Parcels relating to cutting roads, developing drill pads or trenching.

7. The documents described below, accurate copies of which are attached hereto, are all business records maintained in the Homestake files in the regular course of business by Homestake, and all appear to be originals or copies of business records created at or near the time of the events described.

8. Exhibit B is a true and accurate copy of a lease entered into between Homestake and Terhel Farms, Inc. on April 10, 1978 ("the Terhel Lease"), and recorded with the Colusa County Recorder's Office, by which Homestake obtained exploration, development and potential mining rights on various parcels of land held by Terhel, including portions of lots in Township 14N, Range 6W, Section 13. According to the lease and the attached Mineral Data Sheet (Exhibit C), the area leased did not include the two Assessor Parcels in Section 13 that are patented mining claims and make up the Elgin Mine Property, i.e., the location of the Elgin Mine and its associated retort. Exhibit D is a true and accurate copy of a document from Homestake's records, a copy of which was filed with the Colusa County Recorder's Office, indicating that on April 10, 1992, Homestake surrendered all of its right, title and interest under the Terhel Lease as of that date.

9. Exhibits E, F and G are true and accurate copies of memoranda located in the Homestake file maintained on the Elgin Mine, which discuss unsuccessful efforts by Homestake over a period of years to enter into a lease arrangement with the Lucientes family, which owned the Elgin Mine Property, for exploration work on the two Assessor Parcels that constitute the Elgin Mine Property.


10. In my experience it is the practice of Homestake Mining to formally record leases it enters into with the appropriate County Recorder's office, in this case the County of Colusa. There is no lease recorded at the Colusa County Recorder's Office for the two Assessor Parcels constituting the Elgin Mine Property showing Homestake as lessee for any time period.

11. I have not located any documents in Homestake's records indicating that Homestake ever entered into any arrangement, whether by lease or otherwise, allowing Homestake to undertake exploratory, development or other mining activity on the two Assessor

Parcels constituting the Elgin Mine Property, or otherwise provided any authority for Homestake to manage or control activity on any part of those two Assessor Parcels.

I swear and affirm under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

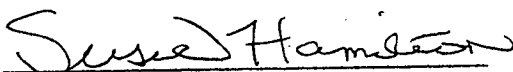
Dated this 22 day of July, 2009 at Lower Lake, California.


Karl Burke

State of California
County of Lake

Subscribed and sworn to before me by Karl Burke this 22 day of July, 2009.




Notary Public in and for the State of
California, residing at Hidden Valley Lake
My appointment expires 6-18-13

Attachment A

Attachment B

mining Lease dated as of April 10, 1978
("Effective Date"), between TERHEL FARMS, INC., a California corporation having its principal place of business in Colusa County, California ("Owner") and HOMESTAKE MINING COMPANY, a California corporation having its principal place of business at 650 California Street, San Francisco, California, 94108 ("Homestake").

1. Mining Property. Owner represents that Owner is in exclusive possession of and owns in fee simple those certain lands in Lake and Colusa Counties, California, more particularly described in Exhibit A.

2. Lease and Term. (a) Owner leases to Homestake all of the lands described in Exhibit A, together with all appurtenances and water and mining rights incident thereto ("Mining Property"), reserving to Owner the right to further lease and/or develop oil, gas or geothermal resources, beginning on the Effective Date and continuing for an initial term of ten years thereafter unless sooner surrendered or terminated.

(b) Homestake may extend the Lease after the initial term for additional successive five year terms if, during the twelve months prior to the date such extension is effective, exploration, development or mining operations costing no less than \$50,000 (exclusive of rental payments or royalties) have been actively conducted in connection with the Mining Property by giving Owner notice of extension ninety days or more before the end of the then current term.

(c) Homestake may surrender or terminate the Lease at any time.

3. Exclusive Possession. During the lease term Homestake shall have quiet enjoyment and exclusive possession for mining purposes of all of the Mining Property, reserving to Owner the use of the surface for livestock grazing and other agricultural uses and water development incidental to such uses so long as such uses do not unreasonably interfere with the mining uses of Homestake.

4. Title. (a) Owner warrants that the Mining Property is free and clear of all unrecorded liens and encumbrances, including any leases, rights or licenses granted to third persons by Owner or any persons claiming an interest in the Mining Property by, through or under Owner (but not Owner's predecessors-in-interest), except for (i) any claims of prescriptive right (Owner represents it is unaware of any claims of prescriptive right at the Effective Date), (ii) that certain lease of geothermal steam and associated resources between Owner and Oxy Petroleum, Inc., dated March 24, 1976, and affecting that portion of the Mining Property more particularly described in Section I of Exhibit A (a short form of which is recorded at Book 437, Page 111) and that certain lease of geothermal steam and associated resources between Owner and SUNOCO Energy Devel-

RECEIVED
MAR 16 1978

opment Co dated February 17 1977 and affecting that portion of the Mining Property more particularly described in Section II of Exhibit A (a short form of which is recorded at Book 445, Page 371), (iii) taxes not yet payable and (iv) those liens and encumbrances described in Exhibit A hereto, if any.

(b) Owner shall provide Homestake with copies of all unrecorded documents related to title to the Mining Property (including long forms where short forms or memoranda are recorded) in Owner's possession or control. Owner shall, at Homestake's request, record any such document which has not been recorded.

(c) Homestake may, at its expense, examine Owner's title to the Mining Property. At any time or times during the term of this Lease, Homestake may disapprove Owner's title to the whole or any part of the Mining Property. If Homestake disapproves title to part of the Mining Property, it shall have the right, but not the obligation, to disapprove title to the whole. If Homestake disapproves title to the whole of the Mining Property, this Lease shall terminate but Homestake may not recover any amounts previously paid Owner. If Homestake disapproves title to part but not all of the Mining Property (i) the disapproved part shall thereafter not be part of the Mining Property, (ii) the minimum rental set forth in subsection 5(b) shall be reduced by the proportion that the cumulative disapproved Mining Property acreage bears to the original Mining Property acreage and (iii) this Lease shall continue in effect with respect to the remainder of the Mining Property. Homestake's failure to disapprove Owner's title to all or any part of the Mining Property shall not be deemed approval thereof. Neither Homestake's execution of this Lease nor its failure to disapprove Owner's title shall be deemed an admission of the validity thereof.

(d) Owner shall at Homestake's request and expense take all action necessary to remove any cloud on title to the Mining Property, including judicial proceedings and recordation of any unrecorded title documents. If after notice or demand Owner fails to do so, Homestake may take such action in Owner's name.

(e) Homestake shall have no obligation to protect or defend if any third person asserts claims to any part of the Mining Property or any ores and minerals in or on the Mining Property for any reason except Homestake's failure to perform obligations expressly required by this Lease.

5. Rentals. (a) Homestake shall pay rentals, but only while this Lease is in effect as follows:

(i) Within sixty days after the Effective Date
\$4,000.00.

(ii) Within sixty days after the first anniversary of the Effective Date \$0.50 for each acre then constituting part of the Mining Property.

(iii) Within sixty days after the second anniversary of the Effective Date \$0.75 for each acre then constituting part of the Mining Property.

(iv) Within sixty days after the third and fourth anniversaries of the Effective Date \$1.00 for each acre then constituting part of the Mining Property.

(v) Within sixty days after the fifth through the tenth anniversaries of the Effective Date \$2.00 for each acre then constituting part of the Mining Property.

(vi) Within sixty days after the eleventh through the fifteenth anniversaries of the Effective Date \$3.00 for each acre then constituting part of the Mining Property.

(vii) Within sixty days after the sixteenth anniversary of the Effective Date, and each succeeding anniversary thereafter, \$4.00 for each acre then constituting part of the Mining Property.

(viii) The \$4.00 rental set forth in subsection (vii) shall be adjusted on the 20th anniversary of the Effective Date and on every fourth such anniversary thereafter by multiplying it by a fraction the numerator of which shall be the average of the Consumer Price Index for All Items (not seasonally adjusted) as published by the U.S. Department of Labor ("Index") for the calendar year prior to the calendar year in which such relevant anniversary falls and the denominator of which shall be the average of the same Index for the fourth calendar year preceding the calendar year in which such relevant anniversary falls.

(b) Subject to any adjustments made pursuant to the provisions of subsection 4(c), the annual rental shall not be less than \$4,000.00 for each of the five years following the Effective Date. Commencing with the annual rental for the sixth year (i.e., the rental payable within sixty days after the fifth anniversary of the Effective Date) the annual rental shall not be less than \$5,000.00.

(c) All rentals may be credited by Homestake against all production royalties, whenever arising.

6. Royalty. (a) Homestake shall pay Owner a production royalty for all ores and minerals mined or otherwise recovered and removed from the Mining Property and thereafter sold by or for the account of Homestake ("Ores and Minerals") as hereafter provided:

(i) (a) For all Ores and Minerals recovered and removed by surface mining methods, 5.0% of Net Returns.

(b) In the event that gold is recovered from such Ores or Minerals so removed by Homestake, such royalty shall be escalated according to the following schedule:

Grade of Ore Expressed as the Average Number of Ounces of Gold Recovered from each Ton of Ore, Mined from the Mining Property and Processed by or for the Account of Homestake in the Calendar Quarter for <u>Which the Royalty is being Calculated</u>	<u>Royalty</u>
---	----------------

0.25 ounces or more per ton but less than 0.4 ounces per ton	6.0% of Net Returns
---	---------------------

0.4 ounces or more per ton	8.0% of Net Returns
----------------------------	---------------------

(ii) For all Ores and Minerals recovered and removed by underground mining methods, 4.0% of Net Returns.

(iii) For all Ores and Minerals recovered and removed during the term of this Lease from waste materials or tailings originally mined or otherwise recovered from the Mining Property by Homestake, 5.0% of Net Returns. Homestake shall use sound engineering practices to estimate the tonnage of any such waste or tailings originally mined or removed from the Mining Property and allocate all payables to the Mining Property in the same proportion that such tonnage bears to the total tonnage of the waste or tails from which it is removed.

(b) "Net Returns" means: (i) for Ores and Minerals sold by Homestake in the crude state or treated by or for the account of Homestake and sold as concentrates or other intermediate products, the amount received by Homestake from the purchaser, (ii) for Ores and Minerals treated by or for the account of Homestake to produce concentrates or other intermediate products which are smelted, or otherwise further processed for the account of Homestake, the amount which would have been received if such Ores and Minerals had been sold as concentrates or other intermediate products at the place at which smelted or further processed, and (iii) in all other cases, the amount received by Homestake from the purchaser of Ores and Minerals, less, in every case, (a) charges and costs for transportation from the mine to the place of sale, (b) charges and costs for milling, treatment and processing, (c) charges, penalties and costs for smelting, refining and marketing and (d) all sales, use, gross receipts, severance and other taxes payable with respect to severance, production, mining, removal or disposition of such Ores and Minerals.

(c) Royalty payments for Ores and Minerals shall be made on or before the 45th day after the last day of the Quarter in which payment is actually received by Homestake.

(d) Within ninety days after the end of each Homestake fiscal year, Homestake shall deliver to Owner an unaudited statement of royalties paid Owner during the year. All year-end statements shall be deemed true and correct three months after presentation, unless within that period Owner delivers to Homestake written notice specifying with particularity the grounds for each exception. Owner shall be entitled to an annual independent audit of the statement, at its expense, by a recognized accounting firm, at least one of whose members is a member of the American Institute of Certified Public Accountants but only if Owner delivers a written demand for such audit to Homestake within three months after presentation of the related year-end statement.

(e) If Owner should own less than the entire ownership interest in the Mining Property or Ores and Minerals lying on, in or under the Mining Property, rentals and production royalties shall be payable to Owner only in proportion to Owner's interests therein.

(f) If any third party asserts any claim to the Mining Property or Ores and Minerals lying on, in or under the Mining Property or to any amounts payable by Homestake, Homestake may deposit any amounts otherwise due to Owner in escrow until the controversy is finally determined. If Homestake reasonably makes any payments or assumes any obligations as a result of any such claims, such payments or obligations and all costs, including attorneys fees and court costs, incurred by Homestake by reason of such claim shall be credited against all payments thereafter due Owner.

(g) Payment of production royalties, rentals and taxes as herein expressly required are in lieu of any obligation of Homestake to explore, develop or mine the Mining Property or perform any work thereon.

7. Operations. (a) Without payment of any compensation in addition to rentals and production royalties expressly provided for in this Lease and the compensation provided for in subsection (e) below, Homestake shall have unrestricted access on, over, through and to the Mining Property and the exclusive rights

(i) To explore, develop, and mine, and to extract, move, remove, store, and dispose of any and all ores and minerals (except for geothermal steam and associated resources, and oil, gas and other hydrocarbons), air, water, waste, and other materials from the Mining Property, or other property, and to deposit such materials on or in the Mining Property or other property, by means of underground or surface mining operations in or on the Mining Property or other property;

- (ii) to remove such materials from other property and to deposit such materials on or in the Mining Property and to carry on general mining, milling, smelting and refining operations pertaining to the Mining Property or other property, on the surface of or through underground or surface workings on the Mining Property;
- (iii) to use any part of the Mining Property for tailings and waste dumps, including the processing of any existing tailings or dumps, and for any other purpose incident to underground or surface mining operations on the Mining Property or other property, and to remove all or any portion of such tailings or waste dumps for any purpose whatsoever;
- (iv) to erect, construct, use, and maintain on the Mining Property such roads, buildings, structures, machinery and equipment as Homestake may require for the conduct of its mining, milling, and related operations on the Mining Property or other property; and
- (v) to sell or otherwise dispose of Ores and Minerals, waste and tailings in such forms at such times and on such terms as Homestake may in its sole discretion determine to be in Homestake's best interest.
- (b) All operations on the Mining Property by Homestake shall be conducted in a good and workmanlike manner and in substantial compliance with the mining industry's general contemporaneous understanding of state and federal laws and regulations governing such operations.
- (c) Owner reserves the right to all surface water, water wells and reservoirs on the Mining Property. Homestake shall have the right to use subsurface water found or developed by Homestake so long as such use does not unreasonably interfere with Owner's use of surface water or wells for Owner's then existing domestic or agricultural use on the Mining Property.
- (d) Owner shall have the right to exploit geothermal steam and associated resources and oil, gas and other hydrocarbons in the Mining Property so long as such exploitation does not interfere with Homestake's operations under this Lease; any lease, assignment or other entitlement to use granted by Owner after the Effective Date hereof for such exploitation shall be expressly subordinated to this Agreement.
- (e) In the event Homestake places on the Mining Property tailings or waste materials removed from other property ("Foreign Material"), Homestake shall make to Owner a one-time payment of \$0.015 (1-1/2 cents) per dry ton of such Foreign Material placed on the Mining Property for the first 1,000,000 tons of such Foreign Material

and \$0.01 (1 cent) per ton for each dry ton thereafter. Homestake shall make payment to Owner within sixty days following the end of each calendar year for any Foreign Material placed on the Mining Property during such year. At the commencement of the tenth calendar year following the calendar year of the Effective Date, the \$0.015 and \$0.01 shall be adjusted by multiplying them by a fraction the numerator of which shall be the average of the Index for the tenth calendar year following the calendar year of the Effective Date and the denominator of which shall be the average of the same Index for the ninth year following the calendar year of the Effective Date. Thereafter, said \$0.015 and \$0.01 shall be similarly adjusted every five years by multiplying them by the same fraction except that there shall be substituted for the numerator the average of the same Index for the year in which such adjustment is being made.

8. Option. In the event Homestake decides to construct a mill or other treatment or processing facilities on the Mining Property, Homestake shall have the exclusive option, exercisable by ninety days prior written notice to Owner, to purchase so much of the surface (but not the minerals) as is reasonably necessary for the site or sites of such facilities; provided, however, that the acreage with respect to which such option may be exercised shall not exceed 50 acres. The purchase price shall be the fair market value of the site, exclusive of any unique value to Homestake for use in its mining and related operations. If Homestake and Owner are unable to agree on such fair market value within thirty days after Homestake's exercise of the option to purchase, the purchase price shall be determined as follows: Owner and Homestake shall each appoint a qualified appraiser. The two appraisers shall select a third appraiser. If they fail to do so within ten days after their appointment, either party may apply to a court of competent jurisdiction to appoint a third appraiser. The fair market value shall be the average of the two appraisals which are closest to each other. The determination of such appraisal shall be final. The costs and expenses of the appraisal shall be borne equally by Homestake and Owner. If Owner owns less than the entire interest as to which Homestake has exercised its option, the fair market value shall take into account the probable cost to Homestake of acquiring the remaining interests. The purchase price shall be paid by Homestake upon tender by Owner of instruments of conveyance and transfer in customary form reasonably acceptable to Homestake's attorneys.

9. Commingling. Homestake shall have the right to commingle Ores and Minerals and other ores and minerals. Before commingling, Ores and Minerals shall be weighed, sampled and assayed by Homestake in accordance with sound mining and metallurgical practice for moisture and payable content. Records shall be kept by Homestake showing weights, moisture and assays of payable content.

10. Protection from Liens and Damages. Homestake shall keep the Mining Property free of liens for labor performed or materials furnished for Homestake and shall hold Owner harmless from all

cost, loss or damage arising by reason of injury to or death of any persons or livestock or damage to any personal property or water quality or liability for violation of any federal, state or local laws or regulations, including those intended to protect the environment, as the result of any work or operations by Homestake or its possession or occupancy of the Mining Property.

11. Taxes. Owner shall pay all taxes, if any, related to the Mining Property accruing prior to the Effective Date. Homestake shall pay all taxes on the Mining Property with respect to severance, production, mining, removal or disposition of Ores and Minerals (except geothermal steam and associated resources, oil, gas and other hydrocarbons) accruing on or after the Effective Date and taxes on personal property and fixtures placed on the Mining Property by Homestake, but only while this Lease is in effect. Taxes for the year in which the Lease ends shall be apportioned. Homestake shall also pay all taxes payable by it as an employer. All taxes shall be paid when due and before delinquent, but Homestake shall be under no obligation to pay any tax so long as such tax is contested in good faith.

12. Inspection. At reasonable times while the Lease is in effect Owner's authorized representatives may (1) enter the Mining Property at Owner's risk and expense to make reasonable inspections of Homestake operations and (2) inspect production and assay records, and any other records necessary to substantiate Homestake's compliance with its obligations under this Lease.

13. Termination and Surrender. (a) If Homestake commits a material breach of this Lease, including failure to make payments when due, and does not initiate and diligently pursue efforts to cure the breach within thirty days after receipt of notice from Owner specifying the nature of the breach with particularity, all rights of Homestake under this Lease shall terminate. If Homestake by notice to Owner given within thirty days of Homestake's receipt of such notice from Owner disputes the existence of a breach, this Lease shall not terminate unless Homestake fails to initiate and diligently pursue efforts to cure the breach within thirty days after the existence of the breach has been finally determined.

(b) Homestake shall have the right to surrender this Lease in whole or in part by recording a surrender of such interest. Upon recording, all rights of Homestake under this Lease to the acreage or interest so surrendered shall terminate, except as provided in the Section entitled "Removal of Property".

(c) Upon termination or surrender, all payments previously made shall be retained by Owner as full compensation for use and occupancy of the Mining Property and all liabilities and obligations of Homestake of any kind which do not expressly survive or which are then not due or accrued shall terminate.

(d) Following termination of the Lease, Lessee shall comply with the reclamation plan approved by appropriate government agencies and then in force, including cosmetic treatment of waste material or excavations on the Mining Property.

14. Additional and After-Acquired Rights. If during the term of this Lease Owner should acquire any greater right or interest in the Mining Property than Owner holds on the Effective Date, such interests and rights shall automatically become part of the Mining Property for all purposes of this Lease.

15. Removal of Property. Homestake may, within one year after termination of this Lease, remove from the Mining Property all fixtures, personal property, and improvements erected or placed on the Mining Property by it, except mine timbers in place. Owner shall not be responsible for any property of Homestake remaining on the Mining Property, but Homestake may post watchmen on the Mining Property during the one year period. Any such property not removed by Homestake within such period shall become the sole property of Owner. The provisions of this Section shall survive surrender or termination of this Lease, however arising.

16. Data. (a) Upon execution of this Lease, Owner shall deliver to Homestake all hydrological, geological, geophysical, and engineering data and maps, logs of drill hole cores, gamma and other logging results, assay, sampling and similar data concerning the Mining Property in Owner's possession or control ("Data"). Within sixty days after termination of this Lease, Homestake shall return to Owner all delivered Data then in Homestake's possession or control.

(b) Upon written request by Owner made within sixty days after surrender or other termination of this Lease, Homestake shall deliver to Owner copies of all assay results, electric logs and drill hole location maps (but excluding interpretations or evaluations thereof) then in Homestake's possession or control which Homestake has obtained as a result of exploration work under this Lease. Homestake shall have no liability on account of reliance or action upon such data by Owner.

17. Payments. All payments due to Owner shall be paid to TERHEL FARMS, INC., at P. O. Box 491, Colusa, California, 95932.

18. Easements. If requested by Homestake, Owner shall grant Homestake without charge easements upon, over, into or through

other property owned or leased by Owner, for the erection and construction of pipe lines, telephone lines, electrical power or transmission lines, roads, railroads, tramways, flumes, tunnels, and other facilities necessary or convenient for Homestake's operations on the Mining Property or on other property within 2 miles of the boundaries of the Mining Property..

19. Force Majeure. (a) If Homestake shall be prevented by Force Majeure from timely performance of any acts or obligations hereunder, the failure, if any, shall be excused and the period for performance shall be extended for an additional period equal to the duration of such Force Majeure. Homestake shall promptly give Owner notice of commencement of any Force Majeure and of the termination thereof. Homestake shall use reasonable diligence to remove such Force Majeure but shall not be required against its will to adjust any labor dispute or to challenge the validity of any law or any regulation, action or inaction of government.

(b) "Force Majeure" includes any cause beyond Homestake's reasonable control, including but not limited to: law, governmental regulation, action or inaction; inability to obtain any license, permit or other authorization which may be required for operations on or in connection with the Mining Property, including removal and disposal of waters, waste and tailings; mining casualty; damage to or destruction of mine or mill plant or facility; fire; explosion; severe weather; flood; civil commotion; labor dispute; inability after diligent effort to obtain workmen or material; delay in transportation; and acts of God.

20. Notices. All notices and other communications to either party shall be in writing and delivered personally or sent by certified or registered mail, return receipt requested. Notices sent by mail shall be deemed received five days after the date of mailing. Until a change of address is given, notices to Homestake shall be addressed:

Homestake Mining Company
650 California Street
San Francisco, California 94108
Attention: Vice President-Exploration

and notices to Owner shall be addressed:

Terhel Farms, Inc.
P. O. Box 491
Colusa, California 95932

and shall be as effective as if given to each of the persons named as Owner.

21. Short Form. Homestake and Owner shall execute and deliver a Short Form of Lease to give notice hereof to third persons. Homestake may record said Short Form or this Lease, or both.

22. Assignment. Owner may assign its interest in this Lease. Homestake may assign its interest in this Lease with the prior written consent of Owner, which consent shall not be unreasonably withheld; provided, however, that Homestake shall not need prior written consent to assign its interest in this Lease to (1) any corporation incorporated in any of the fifty states of the of the United States of America and which corporation has a net worth or shareholders equity of one million dollars or more as determined by generally accepted accounting principles consistently applied or (2) any person, firm, corporation, venture or partnership which, directly or indirectly, controls or is controlled by or is under common control with Homestake. For purposes of this definition, "control" (including "controlling", "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, firm, corporation, venture or partnership, whether through the ownership of voting securities or by contract or otherwise.

23. Amendment. Each of the persons named as Owner hereby agrees with each other and with Homestake that this Lease may be amended or varied from time to time by a writing signed by or on behalf of the persons or enterprises then owning sixty percent or more of Owner's interest in the Mining Property and that such a writing so signed shall be as binding as if signed by each and every one of them. No agreement enforceable solely by reason of this Section shall be effective to the extent that it purports to reduce the production royalties payable pursuant to this Lease.

24. Effect. The representations and warranties of Owner shall survive execution of this Lease. All covenants, conditions, limitations and provisions herein contained shall run with the Mining Property and shall bind and inure to the benefit of the successors and assigns of the parties. The only relationship between Homestake and Owner are that of lessor and lessee. None of the provisions of this Lease shall be construed between the parties to create a partnership or joint enterprise or the relationship of master and servant, principal and agent, or the like.

25. Entire Agreement. This Lease contains the entire agreement of the parties. There are no other conditons, agreements, representations, warranties, or understandings, express or implied.

HOMESTAKE MINING COMPANY

TERHEL FARMS, INC.

By James A. Am...
VICE PRESIDENT

APPROVED FOR	
SIGNATURE	
Legal	DBB 4/17/78
Deputy	
Financial	RC 4/18/78
Taxes	

By Walter Sartain, Secretary

By W.A. Thomas, Pres.

031078

EXHIBIT "A"

PARCEL NO. 1:

All that real property situate in the County of Colusa, State of California, described as follows, to-wit:

IN TOWNSHIP 13 NORTH, RANGE 5 WEST, M.D.B. & M.:

In Fractional Section 3, Lots Nos. 1 and 4, the Southwest one-quarter of the Northwest one-quarter and the Southeast one-quarter of the Northeast one-quarter.

IN TOWNSHIP 14 NORTH, RANGE 6 WEST, M.D.B. & M.:

In Section 13, Lots Nos. 1, 2, 3 and 4 of the Southeast one-quarter and the Southeast one-quarter of the Southwest one-quarter.

IN TOWNSHIP 14 NORTH, RANGE 5 WEST, M.D.B. & M.:

In Fractional Section 6, the Southeast one-quarter of the Southwest one-quarter.

In Fractional Section 7, the Northwest one-quarter of the Northeast one-quarter and the Northeast one-quarter of the Northwest one-quarter.

In Section 16, S 1/2 of SE 1/4. In Section 17, the East one-half of the Southwest one-quarter, the Southeast one-quarter of the Northwest one-quarter and the Northwest one-quarter of the Southeast one-quarter.

In Fractional Section 18, the Northeast one-quarter of the Northeast one-quarter and the Southeast one-quarter of the Southeast one-quarter.

In Fractional Section 19, the East one-half and the Southeast one-quarter of the Southwest one-quarter.

In Section 20, the South one-half of the Northeast one-quarter, the Southwest one-quarter of the Northwest one-quarter and the South one-half.

In Section 21, the East one-half, the Northwest one-quarter, the Northeast one-quarter of the Southwest one-quarter.

In Section 22, the East one-half, and the Southwest one-quarter of the Southeast one-quarter.

In Section 26, the Southwest one-quarter of the Southwest one-quarter.

In Section 27, the Whole.

In Section 28, the East one-half of the East one-half.

In Fractional Section 29, the West one-half and all of the Northeast one-quarter.

In Fraction Section 30, the Northeast one-quarter and all that portion of the North one-half of the Southeast one-quarter lying in the County of Colusa.

In Section 34, the North one-half, the North one-half of the Southeast one-quarter, and the Southeast one-quarter of the Southeast one-quarter.

In Section 35, the Southwest one-quarter, and the West one-half of the Northwest one-quarter.

EXCEPTING THEREFROM the following, as described in Deed from Terhel Farms, Inc., a corporation, to Wendell H. Payne, et ux, as joint tenants, dated February 5, 1965 and recorded March 31, 1965 in Book 329 Official Records, page 64:

Those portions of the Southwest quarter of the Northwest quarter, the Southeast quarter of the Northeast quarter and of Lot 4 in Section 3, T13N-R5W, M.D.B. & M., lying Southerly of the right of way conveyed by W. W. Gibson and Bessie S. Gibson, his wife, to State of California, by deed dated October 26, 1928 and recorded February 5, 1929 in Book 13 Official Records, page 28, Colusa County Records.

ALSO that portion of the Southwest quarter of Section 35, T14N-R5W, M.D.B. & M., lying South of the right of way described in deed of Wilbur

Springs Company, a corporation, to State of California, dated October 5, 1928 and recorded May 17, 1929 in Book 14 of Official Records, at page 170, Colusa County Records.

ALSO EXCEPTING FROM SAID PROPERTY IN TOWNSHIP 14 NORTH, RANGE 5 WEST, M.D.B.&M., THE FOLLOWING DESCRIBED PROPERTY:

Exception No. 1: COMMENCING at the Southwest corner of the Northeast quarter of Section 29, Township 14 North, Range 5 West, M.D.B.&M. and running thence Northerly along the midsection line of said Section 29, 561.0 feet to a point; thence at right angles Easterly 662.0 feet to a point; thence at right angles S. $0^{\circ} 37' E.$, 575.2 feet to the midsection line running Easterly and Westerly through said Section 29 thence Westerly along said last midsection line, 40 rods to the place of beginning, containing eight and one-half acres, more or less, and being a portion of Lot No. 8 in the Southwest quarter of the Northeast quarter of said Section 29, Township 14 North, Range 5 West, M.D.B.&M.

Exception No. 2: BEGINNING at the Northeast corner of the Southeast quarter of the Northeast quarter of Section 29, Township 14 North, Range 5 West, M.D.B.&M., and running thence along the line between Sections 28 and 29, said Township and Range, S. $00^{\circ} 06' E.$, 437.0 feet to a one-inch iron pipe; thence S. $54^{\circ} 21' W.$, 363.0 feet to a one-inch iron pipe; thence N. $01^{\circ} 06' W.$, 123.0 feet to a $3/4$ inch iron pipe; thence S. $62^{\circ} 10' W.$, 131.0 feet to a one-inch iron pipe; thence S. $34^{\circ} 37' W.$, 139.0 feet to a cross cut in the top of an old Quick-silver retort; thence S. $27^{\circ} 14' E.$, 219.0 feet to a one-inch iron pipe; thence S. $49^{\circ} 46' W.$, 680.0 feet to a one and one-quarter inch iron pipe; thence N. $86^{\circ} 46' W.$, 640.15 feet to a one-inch iron pipe; thence N. $03^{\circ} 57' E.$, 1228.1 feet to a one-inch iron pipe; thence N. $06' E.$, 1466.2 feet to the place of beginning, being a part of the Northeast quarter of Section 29, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California, containing thirty-four and fifty-five one hundredths (34.55) acres, more or less, designated as Tract No. one on plat of survey No. 8 on Section 29, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California, surveyed June 15-16-17, 1919, by Chas. de St. Maurice, County Surveyor, Colusa County, California.

Exception No. 3: COMMENCING at a one-inch gaspipe situate S. $87^{\circ} 06' E.$, 1466.2 feet from a four inch by four inch post at the $1/16$ section corner between the North half of Section 28, and the North half of Section 29, Township 14 North, Range 5 West, M.D.B.&M., and running thence S. $03^{\circ} 57' W.$, 333.1 feet, to a one-inch gaspipe; thence S. $76^{\circ} 50' W.$, 347.0 feet to a one and one-fourth inch gaspipe; thence N. $77^{\circ} 06' W.$, 157.9 feet to a one inch gaspipe; thence N. $05^{\circ} 03' W.$, 349.1 feet to a one inch gaspipe; thence N. $86^{\circ} 52' E.$, 72.6 feet to a one and one-fourth inch gaspipe; thence N. $87^{\circ} 06' E.$, 473.5 feet to the place of beginning and containing four and thirty-three one-hundredths (4.33) acres, more or less, designated as Tract No. Two on Plat of Survey No. 8 on Section 29, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California, surveyed June 15-16-17, 1919, by Chas. De St. Maurice, County Surveyor, Colusa County, California.

Exception No. 4: COMMENCING at the Southwest corner of the Northeast quarter of Section 29, Township 14 North, Range 5 West, M.D.B.&M., and running thence Northerly along the midsection line of said Section 29, 561.0 feet; thence Easterly 662.0 feet to the point of beginning; thence Northerly 200.04 feet to a point; thence North 35° 46' W., 36.3 feet to a point; thence S. 28° 25' W., 249.0 feet to a point; thence S. 85° 45' E., 140.0 feet to the point of beginning, containing one-half acre, more or less.

Together with all portions of any of the following described property which are within a radius of one-quarter of a mile from any point on the exterior boundary of any of the foregoing Parcels Nos. 1, 2, 3 or 4.

Exception No. 5: The Little Giant Claim, the Dewey Claim and Central Claim, known as U.S. Lot 3605, also known as the Central Consolidated Quicksilver Mining Claim consisting of Central, Little Giant and Dewey Lode Claims designated as Lot 3605 as described in patents of the United States of America to Empire Quicksilver Mining Company, dated July 10, 1900, and recorded September 6, 1900, in Book K of Patents, at page 405, Colusa County Records; said patented claims being located in Sections 28 and 29, Township 14 North, Range 5 West, M.D.B.&M., in said County of Colusa, State of California.

Exception No. 6: The portions of the Manzanita Location, also known as Lot 45, lying within Section 29, Township 14 North, Range 5 West, Colusa County, California, and North of a line running South 87° 06' West from the Northeast corner of the Southeast quarter of the Northeast quarter of said Section, and the portion of said Manzanita Location lying in Section 28, said Township, Range, County and State. United States Lot 3606 consisting of the Empire, Hidden Treasure, Mercury King and Mercury Queen lot claims as described in patents of the United States of America to Empire Quicksilver Mining Company, dated July 10, 1900, and recorded in Book K of Patents, at page 408, Colusa County Records, all of the same being located in Section 28, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California. A four-acre extension of Hidden Treasure Claim on the North and West ends thereof, including Lot 2 in Section 28, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California, (but not extending into Section 29.).

Exception No. 7: All quicksilver and quicksilver rights in the Northeast quarter of Section 29, Township 14 North, Range 5 West, M.D.B.&M., Colusa County, California.

Exception No. 8: COMMENCING at a point 128 feet 6 inches South from a point on the Southeasterly boundary of the Hughes Mill Site which said point on the Southeasterly boundary of the Hughes Mill Site is 265 feet distant, on a line running S. 49° 34' W., from a stake which marks the Southeasterly corner of the Hughes Mill Site and the Southwesterly corner of the Manzanita Mine, said point of commencement would be intersected, or nearly so, by a continuation Southeasterly of the line dividing the Hughes Mill Site and the Monticello Mill Site, running thence N. 80° 16' E., fifty feet; thence due South one hundred feet; thence due West to a point one hundred feet, more or less, due South of the point of commencement; thence due North to the place of beginning, being the same lot or parcel of land conveyed by deed from Polly Ann Tully and Mary A. Tully to Frank J. Schuckman, dated February 20th, 1900, and recorded in Book 53 of Deeds, at page 380, Colusa County Records.

Exception No. 9: That certain lot or parcel of land conveyed by Deed from Polly Ann Tully to George W. Persons, dated March 5th, 1901, and recorded in Book 51 of Deeds, at page 195, Colusa County Records, herein particularly described as follows: BEGINNING at the Northwest corner of that certain lot or parcel of land conveyed by deed from Polly Ann Tully and Mary A. Tully to Frank J. Schuckman, dated February 20, 1900, and recorded in Book 53 of Deeds, at page 380, Colusa County Records; and running thence South one hundred feet, more or less, along the West line of the said Frank J. Schuckman lot to the Southwest corner thereof; thence Easterly along the South line of the aforesaid Frank J. Schuckman lot, fifty feet to the Southeast corner thereof; thence South to the quarter section line running Easterly and Westerly through the center of Section 29 in Township 14 North, Range 5 West, M.D.B.&M.; thence Westerly along said quarter section line eighty-eight feet, more or less, to the Southeast corner of that certain lot or tract of land conveyed by deed from Tilden Jones to Sarchel H. Smith, dated May 26, 1896, and recorded in Book 40 of Deeds, at page 207, Records of Colusa County; thence North along the East boundary line of the said Sarchel H. Smith tract of land to the Northeast corner thereof; thence N. 80° 16' E., thirty-eight feet, more or less, to the place of beginning, and being the same parcel of land conveyed by deed from Polly Ann Tully to George W. Persons, as aforesaid.

Exception No. 10: That certain lot or parcel of land conveyed by deed from Tilden Jones to Sarchel H. Smith, dated May 26, 1896, and recorded in Book 40 of Deeds, at page 207, herein described as follows: COMMENCING on the South line of the Northeast quarter of Section 29, in Township 14 North, Range 5 West, M.D.B.&M., where the South corner of the Monticello Mill Site touches said line; and running thence Northwesterly along the Southeasterly boundary of said Monticello Mill Site until it touches the County Road surveyed by J.R. Price as described in Survey of County Road No. 171 New Series of Colusa County, filed in the office of the County Clerk of Colusa County; thence along said County Road to a point fifty feet southerly beyond a stake between the Hughes Mill Site and the Monticello Mill Site, from which point the Northwest corner of that certain lot or parcel of land conveyed by deed from Polly Ann Tully and Mary A. Tully to Frank J. Schuckman, dated February 20th, 1900, and recorded in Book 53 of Deeds, at page 380, Colusa County Records, bears N. 80° 16' E., thirty-eight feet, more or less, distant; thence South to the aforesaid quarter section line; thence Westerly along said quarter section line to the place of beginning, and being the same parcel of land conveyed by deed from Tilden Jones to Sarchel H. Smith, as aforesaid.

ALSO EXCEPTING from the West 1/2 of the Northwest 1/4 of said Section 21, a 1/16th interest in all oil, gas and mineral rights as excepted in Deed from Myles W. Spann, Tax Collector of the County of Colusa, State of California to Terhel Farms, Inc., a corporation, dated October 11, 1976 and recorded October 11, 1976 in Book 440 Official Records, page 540.

PARCEL NO. 2:

All that real property situate in the County of Colusa, State of California, described as follows, to-wit:

All oil, gas and other hydrocarbons and minerals, etc., in or under the following described land as reserved in Deed from Terhel Farms, Inc., a corporation, to Wendell H. Payne, et ux, as joint tenants, dated February 5, 1965 and recorded March 31, 1965 in Book 329 Official Records, page 64

Those portions of the Southwest quarter of the Northwest quarter, the Southeast quarter of the Northeast quarter and of Lot 4 in Section 3, T13N-R5W, M.D.B. & M., lying Southerly of the right of way conveyed by W. W. Gibson and Bessie S. Gibson, his wife to State of California, by deed dated October 26, 1928 and recorded February 5, 1929 in Book 13 of Official Records, page 28, Colusa County Records.

ALSO that portion of the Southwest quarter of Section 35, T14N-R5W, M.D.B. & M., lying South of the right of way described in deed of Wilbur Springs Company, a corporation, to State of California, dated October 5, 1928 and recorded May 17, 1929 in Book 14 of Official Records, at page 17 Colusa County Records.

PARCEL NO. 3:

All that real property situate in the County of Colusa, State of California, described as follows, to-wit:

Parcel No. 2 as shown on that certain Parcel Map showing portions of Sections 6, 7, 18, 19 and 30 all in T. 14 N. R. 4 W., M.D.B.&M., Section 1, portions of Sections 2 and 3, Section 4, portions of Sections 5 and 8, Section 9, portions of Sections 10 and 11, Section 12, a portion of Section 13, Sections 14 and 15, portions of Sections 16, 22, 23 and 24 all in T. 14 N. R. 5 W., M.D.B.&M. Also portions of Sections 19, 30 and 31, all in T. 15 N. R. 4 W., M.D.B.&M., portions of Sections 21, 24, 25, 28, 29, 30 and 31, Sections 32 and 33, portions of Sections 34 and 35 and Section 36 all in T. 15 N. R. 5 W., M.D.B.&M., Colusa County, California, filed March 3, 1976, in Book 1 of Parcel Maps, at page 154.

Attachment C

21. Short Form. Homestake and Owner shall execute and deliver a Short Form of Lease to give notice hereof to third persons. Homestake may record said Short Form or this Lease, or both.

22. Assignment. Owner may assign its interest in this Lease. Homestake may assign its interest in this Lease with the prior written consent of Owner, which consent shall not be unreasonably withheld; provided, however, that Homestake shall not need prior written consent to assign its interest in this Lease to (1) any corporation incorporated in any of the fifty states of the ~~of the~~ United States of America and which corporation has a net worth or shareholders equity of one million dollars or more as determined by generally accepted accounting principles consistently applied or (2) any person, firm, corporation, venture or partnership which, directly or indirectly, controls or is controlled by or is under common control with Homestake. For purposes of this definition, "control" (including "controlling", "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, firm, corporation, venture or partnership, whether through the ownership of voting securities or by contract or otherwise.

23. Amendment. Each of the persons named as Owner hereby agrees with each other and with Homestake that this Lease may be amended or varied from time to time by a writing signed by or on behalf of the persons or enterprises then owning sixty percent or more of Owner's interest in the Mining Property and that such a writing so signed shall be as binding as if signed by each and every one of them. No agreement enforceable solely by reason of this Section shall be effective to the extent that it purports to reduce the production royalties payable pursuant to this Lease.

24. Effect. The representations and warranties of Owner shall survive execution of this Lease. All covenants, conditions, limitations and provisions herein contained shall run with the Mining Property and shall bind and inure to the benefit of the successors and assigns of the parties. The only relationship between Homestake and Owner are that of lessor and lessee. None of the provisions of this Lease shall be construed between the parties to create a partnership or joint enterprise or the relationship of master and servant, principal and agent, or the like.

25. Entire Agreement. This Lease contains the entire agreement of the parties. There are no other conditions, agreements, representations, warranties, or understandings, express or implied.

HOMESTAKE MINING COMPANY

TERHEL FARMS, INC.

By James A. Am...
VICE PRESIDENT
4/18/78

By John Sartain, Secretary
031078
By W.A. Thomas, Pres.

MINERAL DATA SHEET

COMPANY NAME (DIVISION NAME SECOND LINE) HONESTAKE MINING COMPANY														NO. 1 000		PROPERTY NO. 2		SUB A		TR 2							
10/13/50 RENO				COUNTY/PROVINCE 4 COLUSA				NO. 2 11				PROJECT/AREA/BLOCK CHERRY HILL				NO. 3 2810				PROPERTY NAME OR NUMBER TERHEL FARMS							
STATE/COUNTRY CALIFORNIA				RECORDING DATA 462 46				AGREEMENT DATE 4 10 78				EFFECTIVE DATE 4 10 78				EXPIRATION DATE 4 09 88				OWNERSHIP TYPE P				TYPE INTEREST L			
PROPERTY TYPE MXD				AGREEMENT STATUS EX				PAY RESPONSIBILITY S				ROYALTY CODE NP															
GROSS ACRES 4,200.0000				NET ACRES 4,200.0000				ACRES ADDED .0000				NET MINERAL INTEREST % .0000															
GROSS SURFACE ACRES .0000				NET SURFACE ACRES .0000								NET SURFACE MINERAL INTEREST % .0000															
REV. INT./W/L % .0000				ORR % .0000				LANDOWNERS ROY. % .0000				SPECIAL AGREEMENT PROVISIONS															
CONSIDERATION/BONUS \$.00				OTHER CAP. COST \$.00				TAX BASE \$.00				ACCT-1 \$.00				ACCT-2 \$ 1,200.00											
ACCT-3 \$.00				ACCT-4 \$.00				ACCT-5 \$.00				ACCT-6 \$.00				ACCT-7 \$.00											
OPERATOR/APE NO. # 20				ACQUIRED DATE 20				ACQUIRED FROM 20				HOW ACQUIRED 10				PRICE/ACRE \$.00											
1ST MAP REFERENCE 3 13N 5W				2ND MAP REFERENCE 13 14N 6W				3RD MAP REFERENCE 6 14N 5W																			
PERMIT CLASSIFICATION														UNPATENTED CLAIMS CHECK IF YES													
FEDERAL														ANNUAL ASSESS. WORK 9/1													
STATE														BLM FILING 12/30													
COUNTY														POL COUNTY RECORDING /													
														CONTRACTUAL DATE /													

***** PAYMENT OBLIGATIONS *****

TYP	PRD	BEG. DATE	END. DATE	AMOUNT	TYP	PRD	BEG. DATE	END. DATE	AMOUNT
AR	S12	6/09/78	6/09/78	4,000.00	AR	S12	6/09/79	6/09/80	4,000.00
AR	S12	6/09/81	6/09/82	4,200.00	AR	S12	6/09/83	6/09/88	8,400.00
AR	S12	6/09/89	6/09/93	12,600.00	AR	S12	6/09/94	6/09/97	16,800.00

***** SPECIAL OBLIGATIONS *****

TYP	PRD	BEG. DATE	END. DATE	DESCRIPTION
021	EN	060	1/09/88	90 DAYS WRITTEN NOTICE BY HAND OR MAIL (CERT OR REGIS) FOR ADDITIONAL FIVE YEAR TERMS (NO LIMIT). MAIL BY 1/4. SPEND \$50,000 DEVELOPMENT IN 12 MONTHS ENDING 4/9. SEC 2 (B), 2D.
023				
024				
025	TN	012	4/09/79	RECORD SURRENDER; SEC 2 (C), 13. REMOVE EQUIP ONE YEAR. SEC 15. RETURN OWNER'S DATA 60 DAYS. SEC 16A.
027	WR	060	4/09/88	SPENDING \$50,000 IN 12 MONTHS ENDING 4/9 NECESSARY FOR EXTENSION. SEC 2 (B).
029	EI	048	4/10/98	ADJUST RENTALS BY CONSUMER PRICE INDEX FOR ALL ITEMS EFFECTIVE PAYMENT DUE 6/9. SEC 5 (A) (VIII).
031	DF	012	3/01/79	PAY OWNER FOR TAILINGS & WASTE DEPOSITED FROM OUTSIDE. DUE 2/29-3/1 FOR PRIOR CALENDAR YEAR. SEC 7 (E).
033	WR	060	10/09/87	SPEND \$50,000 IN 12 MONTHS ENDING 10/9 TO ALLOW EXTENSION. SEC 2 (B).

***** GENERAL INFORMATION AREA *****

051	LAND DESCRIPTION		ACRES
052	PARCEL NO. 1		
053	T 13N R 5W		
054	SEC 3: LOT 4; SW/4 NW/4; SE/4 NE/4	23.23, 40, 40	
055	LESS PORTION OF EACH LYING SOUTH	(LESS 71)	
056	OF CERTAIN RIGHT OF WAY		
057	SEE PAR. #2 FOR MINERAL RTS IN ENTIRE EXCLUDED AREA		
058	: LOT 1	24.57	
059	T 14N R 6W		
060	SEC 13: LOTS 1, 2, 3, 4 OF SE/4	29.06, 37.33, 30.37, 32.74	
061	SE/4 SW/4	40.00	

COMPANY NAME (DIVISION NAME SECOND LINE) HOMESTAKE MINI COMPANY														NO. # 100		PAGE 2		PROPERTY NO. 2		SUB # A		TR # 2					
10/13/80 RENO														NO. # 9		PAGE 2		PROPERTY NO. 2		SUB # A		TR # 2					
STATE/COUNTRY CALIFORNIA				NO. # 4				COUNTY/PROVINCE COLUSA				NO. # 11				PROJECT/AREA/BLOCK CHERRY HILL				NO. # 2810				PROPERTY NAME OR NUMBER TFRHEL FARMS			
RECORDING DATA				AGREEMENT DATE				EFFECTIVE DATE				EXPIRATION DATE				OWNERSHIP TYPE				TYPE INTEREST							
PROPERTY TYPE				AGREEMENT STATUS				PAY RESPONSIBILITY				ROYALTY CODE															
GROSS ACRES				NET ACRES				ACRES ADDED				NET MINERAL INTEREST %															
GROSS SURFACE ACRES				NET SURFACE ACRES				NET SURFACE MINERAL INTEREST %																			
REV. INT./WI %				ORR %				LANDOWNERS ROY. %				SPECIAL AGREEMENT PROVISIONS															
CONSIDERATION / BONUS				OTHER CAP. COST				TAX BASE				ACCT-1				ACCT-2											
ACCT-3				ACCT-4				ACCT-5				ACCT-6				ACCT-7											
OPERATOR / AFE NO. #				ACQUIRED DATE				ACQUIRED FROM				HOW ACQUIRED				PRICE / ACRE											
1ST MAP REFERENCE				2ND MAP REFERENCE				3RD MAP REFERENCE																			
PERMIT CLASSIFICATION												UNPATENTED CLAIMS				CHECK IF YES											
WTR EXP OP AIR DVP EIS RC OTHER												ANNUAL ASSES. WORK				9/1											
FEDERAL												BLM FILING				12/30											
STATE												POL COUNTY RECORDING				/											
COUNTY												CONTRACTUAL DATE				/											

062 T 14N R SW
063 SEC 6: SE/4 SW/4 SEC 7: NW/4 NE/4; NE/4 NW/4 40, 80
064 SEC 16: S/2 SE/4 80.00
065 SEC 17: E/2 SW/4; SE/4 NW/4; NW/4 SE/4 160.00
066 SEC 18: NE/4 NE/4; SE/4 SE/4 80.00
067 SEC 19: E/2; SE/4 SW/4 360.00
068 SEC 20: S/2 NE/4; SW/4 NW/4; S/2 440.00
069 SEC 21: E/2; NE/4 SW/4; NW/4 (LESS 1/16 MIN INT IN W/2) 520.00
070 SEC 22: W/2; SW/4 SE/4 SEC 26: SW/4 SW/4 360.00, 40.00
071 SEC 27: ALL 640.00
072 SEC 28: E/2 E/2 LESS EXCEPTIONS NO. 5 & 6, IF ANY 160.00
073 SEC 29: W/2; NE/4 319.11
074 LESS EXCEPTIONS NO. 1-10 AND BLM LOT 6 (LESS 105.5)
075 SEC 30: NE/4; N/2 SE/4 IN COLUSA CTY ONLY 125.30
076 SEC 34: N/2; N/2 SE/4; SE/4 SE/4 440.00
077 SEC 35: SW/4; W/2 NW/4 240.00
078 LESS PORTION OF SW/4 SOUTH OF RT OF WAY (LESS 52)
079 SEE PARCEL NO. 2 FOR MINERAL RIGHTS IN EXCLUDED AREA
080 PARCEL #2: MINERAL, OIL, GAS RIGHTS TO PORTIONS OF SECS 123
081 3 & 35 EXCLUDED FROM PARCEL #1. OIL & GAS RESERVED.
082 PARCEL #3: ALL OF PARCEL NO. 2 ON PARCEL MAP FILED
083 7/3/76 IN PARCEL MAPS BOOK 1, PG 154.
090 ORIG LESSOR -----TERREL FARMS, INC.
091 P.O. BOX 491
092 COLUSA, CA 95932
093 ORIG LESSEE -----HOMESTAKE MINING CO.
094 O/S MIN INT 2 -----1/16 OIL, GAS, MINERAL RIGHTS IN
110 W/2 NW/4 OF SEC 21 RESERVED BY OWNER'S GRANTOR, TAX COLLECTOR
111 OF THE COUNTY OF COLUSA. SEE EXH A, PG 4. CONTAINS 80 ACRES.
112 ROYALTY REMARKS -----PROD ROY: SURFACE MINING EXCEPT GOLD, 5% NR.
131 GOLD 5-8% NR DEPENDING ON GRADE. UNDERGROUND MINING 4% NR.
132 RECOVERED FROM WASTE OR TAILINGS 5% NR.
143 CONTRACT REFERENCE -----ASSIGN: OWNER MAY. HMC MAY WITH PRIOR
144 WRITTEN CONSENT (CERTAIN EXCEPTIONS). SEC 22; COMMINGLING OK.
147 SEC 9; EASEMENTS: FOR HMC OPERATIONS WITHIN 2 MILES OF PROPERTY.

Attachment D

RECORDED AT THE REQUEST OF
AND RETURN TO:
Homestake Mining Company
Attn: Valerie Flynn
650 California Street
San Francisco, CA 94108

RECORDED AT REQUEST OF
Anthony Smernes, Jr.
50 MIN. PAST 12 p.m.
OFFICIAL RECORDS COLUSA COUNTY, CALIF.

APR 10 1992

Kathleen Moran

P \$5.00 Recorder, Colusa County
BOOK 711 PAGE 445

SURRENDER

HOMESTAKE MINING COMPANY OF CALIFORNIA, a California corporation formerly known as Homestake Mining Company having its principal place of business at 650 California Street, San Francisco, California 94108 ("Homestake") surrenders, effective as of April 10, 1992, all of its right, title and interest in and to that certain Mining Lease dated April 10, 1978 between TERHEL FARMS, INC., a California corporation and Homestake, a short form of which is recorded in the Official Records of Colusa County, California in Book 462 at Page 46.

HOMESTAKE MINING COMPANY
OF CALIFORNIA

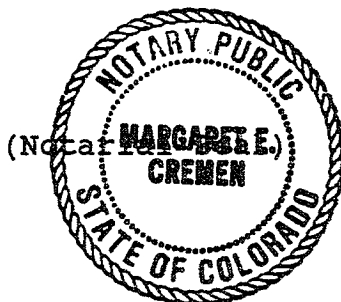
BY

W. F. Lindqvist
W. F. Lindqvist
Vice President

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On April 3, 1992, before me, Margaret E. Cremon, a duly commissioned Notary Public for said State, personally appeared W. F. Lindqvist, personally known to me to be a Vice President of Homestake Mining Company of California, a California corporation, and personally known to me to be the person who executed the within instrument and on said oath stated that he was authorized to do so on behalf of said corporation.

IN WITNESS WHEREOF, I have signed my name and affixed my official seal.



Margaret E. Cremon
Notary Public in and for said State
Residing at: Arvada, Colorado
My Commission Expires: 1/15/94

RECORDED AT THE REQUEST OF
AND RETURN TO:
Homestake Mining Company
Attn: Valerie Flynn
650 California Street
San Francisco, CA 94108

SURRENDER

HOMESTAKE MINING COMPANY OF CALIFORNIA, a California corporation formerly known as Homestake Mining Company having its principal place of business at 650 California Street, San Francisco, California 94108 ("Homestake") surrenders, effective as of April 10, 1992, all of its right, title and interest in and to that certain Mining Lease dated April 10, 1978 between TERHEL FARMS, INC., a California corporation and Homestake, a short form of which is recorded in the Official Records of Colusa County, California in Book 462 at Page 46.

HOMESTAKE MINING COMPANY
OF CALIFORNIA

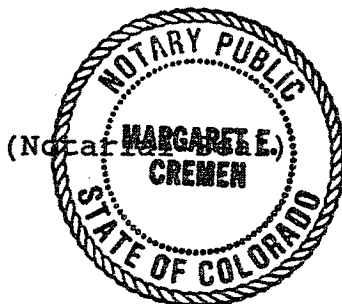
By


W.F. Lindqvist
Vice President

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

On April 3, 1992, before me, Margaret E. Cremen, a duly commissioned Notary Public for said State, personally appeared W. F. Lindqvist, personally known to me to be a Vice President of Homestake Mining Company of California, a California corporation, and personally known to me to be the person who executed the within instrument and on said oath stated that he was authorized to do so on behalf of said corporation.

IN WITNESS WHEREOF, I have signed my name and affixed my official seal.



Margaret E. Cremen
Notary Public in and for said State
Residing at: Arvada, Colorado
My Commission Expires: 1/15/94

Margaret E. Cremen
Notary Public in and for said State
Residing at: Durango, Colorado
My Commission Expires: 11/15/94

Attachment E

Colusa Co.,

To: Elgin Mine File, California

Date: April 18, 1983

From: G.L. Carr

Subj: Telephone Conversation

Elgin Mine Property (close to Cherry Hill Project, borders on Petray Property): owner - José Lucientes (707) 462-2177

7:30 pm: telephone conversation -

Mr. Lucientes does not want any mining activity on his property during his lifetime (age now - estimated 35 to 40). His father and one of his daughter's is buried on the property.

He had leased the property earlier and when the lessee wanted to mine, Mr. Lucientes cancelled the lease.

An unknown, young geologist for HMC told Mr. Lucientes of HMC's vast financial holdings, batteries of lawyers, etc.; and HMC could get almost any property HMC wanted (COUCH!). Mr. Lucientes was not impressed, in fact, became quite angry.

Now, Mr. Lucientes will only allow HMC geologists on his property if HMC signs an agreement stating HMC will not mine or otherwise disturb any property within 2 miles of Mr. Lucientes' land holdings.

Attachment F

HOMESTAKE MINING COMPANY
CORRESPONDENCE - INTEROFFICE

TO T. N. Tanner

DATE April 22, 1983

FROM R. M. Hatch
R. M. H.

SUBJECT Elgin Mine Update,
Recommendations

INTRODUCTION

The Elgin Mine lies within the Wilbur Springs District in Colusa County, California and is approximately 2.5 miles northwest of the Cherry Hill property. Joseph D. Strapko initially evaluated the property for Homestake in late 1977 and no work has been done since then.

GEOLOGY

The mine occurs along a Knoxville-Serpentine contact and northwest trending faults within the structurally complex Wilbur Springs Structure. Crosscutting northeast trending structures may also have helped to localize mineralization. Strapko's mapping shows that rocks in the area include Knoxville argillites, greywackes and conglomerates, and serpentine. Alteration is described as being opalization and silicification (silica-carbonate?) of the serpentine. The mapping also shows a 3000' long by 200' wide deposit of siliceous sinter with some banded chalcedony. Botryoidal chalcedony, native sulfur on fractures, limonite staining, and limonite after sulfides are described as being locally abundant.

Early 1900's Reports of the State Mineralogist of California (unknown dates) describe intensive solfateric alteration including the deposition of large quantities of sulfur and locally economic cinnabar. Alteration is still

RECORD CENTER COPY

apparently active as solfateric waters up to 152°F were encountered in underground workings.

Strapko collected forty-nine samples from the Elgin area, five of which contained .4 to 6.0 ppm gold. Mercury was also analyzed for and the values are, as expected, locally high.

The above descriptions and data show that the Elgin mine is at the uppermost portion (paleo-surface) of a very strong hot springs system capable of dissolving and precipitating mercury and highly anomalous gold. Since solfateric alteration is caused by acidic vapor above the ground water table, significant precious metals values would be expected to occur only within the liquid dominated zone below the water table. The large siliceous sinter deposit was probably formed during a temporary raising of the groundwater table to the surface. The highly anomalous gold values obtained by Strapko probably precipitated during this time. Subsequent lowering of the water table caused the resumption of solfateric alteration at the surface. Therefore a very significant gold target may be located immediately below the solfatera in the liquid dominated zone. Mineralization would probably be in the form of stockworks along the serpentinite-Knoxville contact or in other structurally prepared fault zones.

LAND STATUS

The land situation presents a major problem. Two patented mining claims are apparently owned by Mr. Jose Lucientes of Clearlake Oaks, California. Jerry Carr recently contacted Mr. Lucientes to gain permission for me to evaluate the property. He indicated that he would grant permission to map and sample only if Homestake signed a contract stipulating that we would never mine within two miles of his property. He also said that, among other things, he would never lease the property and would never allow mining on it during his lifetime. The land department will soon undertake a detailed title search, as there are irregularities in the title that indicate that other parties may also have some control over the claims.

RECOMMENDATIONS

In light of the knowledge gained in the past few years on the Hot Springs Model, the Elgin Mine should be considered a very high priority property. The proximity to McLaughlin further enhances properties in this area, since ores or concentrates could probably be shipped to the McLaughlin mill. It is recommended that the land situation be clarified immediately and that permission be obtained from the owners to undertake a one or two day evaluation. When contact is made, the possibility of a lease should be discussed as the property will very likely deserve a detailed evaluation including concept test drilling.

RMH:jmg

RECEIVED JUN 08 1987

HUNTER MINING LABORATORY, INC.

994 GLENDALE AVENUE

SPARKS, NEVADA 89431

TELEPHONE: (702) 358-6227

REPORT OF ANALYSIS

*Bustafson
Hatch*

Submitted by:

Date: June 02, 1987

Laboratory number: 30632

HOMESTAKE MINING COMPANY
330 CONEY ISLAND DRIVE
SPARKS, NEVADA 89431

Analytical Method: Fire AT

Your Order Number: 7537-2

HATCH, BUSTAFSON COWSA, CO. ELGIN MINE RECON.

Report on: 18 Samples, pulp

(3530)

Sample Mark	Gold oz/ton	Silver oz/ton	Sample Mark	Gold oz/ton	Silver oz/ton
1210AI	0.039	-0.01	1219	-0.001	0.03
1211	0.006	-0.01	1220	0.005	-0.01
1212	0.001	-0.01	1221	-0.001	0.05
1213	0.001	0.01	1222	-0.001	0.84
1214	0.034	-0.01	1223	-0.001	-0.01
1215	0.034	0.01	1224	0.001	-0.01
1216	0.032	-0.01	1225AI	0.001	-0.01
1217	0.013	-0.01	6182AN	0.001	0.04
1218	0.002	-0.01	6183AN	0.026	0.29

HUNTER MINING LABORATORY, INC.

*H. H. Scales*H. H. Scales *m*

Attachment G

Elgin Mine

~~Elgin Mine~~

I Overview

II Location and Access

III Land Status

IV Geology

Regional

Lithology - s

Structure

Local

Lithology - s

Structure

V Alteration and Mineralization

VI Geochemistry

VII Exploration Potential

VIII Conclusions and Recommendations

1981

57

1938

Elgin Mine

Evaluation

✓

Overview

The Elgin Mine ~~was~~^{is} a small past producer of mercury and sulfur located approximately 2.5 miles northwest of the Cherry Hill Project, in Colusa County, California. The mineralization ~~is~~^{occurs} within a narrow, discrete zone of hydrothermal alteration associated with a hot springs system that is currently active. Homestake first evaluated the property in 1977-78 as part of the regional work around Cherry Hill. ~~While the principal~~
~~recovery of mercury and sulfur~~
~~was the primary objective of the~~
~~project, the primary objective of the~~
~~project was the recovery of mercury~~
The current involvement with the property is the result of the exploration ^{program} in the McLaughlin mine region carried out by the Special Projects Group in 1987.

Location and Access

The Elgin Mine is located in the southeast corner of section 13, Township 14 north, Range 6 west, MDBEM. Longitude and latitude are $122^{\circ}28'$ and $39^{\circ}03'30''$ respectively. The property is accessed from State Highway 20 by the Walker Ridge Road, which bears north from the highway at an ~~angle~~

(2)

Intersection ~~is~~ approximately .5 mile northwest of the Abbott Mine. To get to the Elgin Mine, take the Walker Ridge Road — miles northwest to a smaller dirt road leading off to the northeast. Follow this road through the gate and ~~the~~ proceed for a total of approximately 1.5 miles to the mine site. Be aware that the new Walker Ridge Road is not shown on ^{either} the Wilbur Springs 15', or 7.5' advance sheet topographic maps. The smaller dirt road leading directly to the Elgin consists, in part, of the old ridge road shown on these top maps. ~~and~~ The intersection with the new road is very close to the common quarter corner of sections 19, ~~and~~ T 14 N, R 5 W and section 24, T 14 N, R 6 W.

Mercury History

Sulfur was apparently first discovered ~~and~~ in 1875, ~~then~~ ^{however} ~~although~~ ^{reported} the subsequent efforts at production were unsuccessful.

Surface and underground development undertaken late in the 1800's and early in the 1900's resulted in the production of a small amount of mercury. Further attempts to mine mercury during 1917 and 1929 were reportedly unproductive. Jose M. Lucientes, Sr. apparently made an effort to produce mercury during the ~~few~~ ^{few} months between his

buying the property and his death in April, 1968.

Mine workings include various surface excavations and approximately 500 feet of underground drifts and crosscuts. Portals to the underground workings are caved, and, due to the continuing hot spring activity and soft sulfatized rocks, the tunnels themselves are probably destroyed. Total mercury production is unknown, however it is unlikely that it exceeded a couple hundred flasks.

Land Status

The Elgin mine is located principally on a nineteen acre patented mining claim in the southwest ~~quarter~~ quarter of section 13, T14N, R6W. Also considered a part of the Elgin mine is a 4.95 acre patented millsite located east of the lake patent and in the same ^{quarter} section. These two patented claims are owned by ^{brothers} Jose M. Lucientes, Jr. and Richard B. Lucientes, however, in a 1983 title report on the property, Mike Perrenon notes that there are three ~~distinct~~ problems with the titles. The Lucientes additionally own 120 acres in the southern 1/4 of ~~section~~ ^{comprising} adjoining section 18, T14N, R5W and 40 acres in the northwest 1/4 of the northwest 1/4 of adjoining section 19. ~~Jose~~ Jose and Richard are both

The two patented claims are completely surrounded by property owned by Bonneville Industries (ex-Techel Farms ground) at Sacramento, Calif. and controlled by Homestake as part of the Cherry Hill land package. This property totals 176 acres and includes the remaining portions of the southeast $\frac{1}{4}$ of section 13, and the entire southwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of section 13.

Unpatented mining claims have been staked by Western Goldfields Company of Sparks, Nevada, on BLM ground immediately adjacent the Bonneville property. The claims (CL series) were located in ~~June~~ May, 1987, are still valid, and cover the northwest extension of the Elgin Mine mineralized zone.

Two unpatented mining claims, CL 82 and CL 83, owned by Cecil Petray, Cleburne Oaks, California, adjoin the Bonneville property on the north side. These claims were acquired by Petray when Homestake abandoned its ~~early~~ previously held claim block in this area, and they have no impact on the potential target area at ~~within~~ the Elgin Mine.

Homestake's current land acquisition activity involves trying to negotiate a mining lease agreement with the Lucientes brothers. After four years of ~~unsuccessful~~ ^{unsuccessfully} contacting Vose in an effort to persuade him to discuss the matter with ~~us~~ us, he finally relented in early 1987 to

talk to Amestake about a deal. Negotiations by Jerry Carr went smoothly for a while, but stalled when Jose became increasingly unavailable for discussions. Currently, the negotiations are at a standstill, and it seems possible that a deal may never be reached with the Lacientes.

Geology

Regional

The regional geologic setting, which is the same as at Cherry Hill and McLaughlin, basically involves two ~~an~~ essentially coeval late Jurassic to lower Cretaceous sedimentary units which were deposited ^{separately} on oceanic ~~basal~~ basement and then juxtaposed along a major zone of thrust faulting. Gneiss, siltstone, shale, and greenstone of the Franciscan ~~Complex~~ have underthrust mudstone, siltstone, sandstone, and conglomerate of the Great Valley Sequence along the north-northwest trending Coast Range ~~Thrust~~ ^{Thrust} Fault. Serpentine belts, which are interpreted to be the oceanic crust upon which ~~the~~ the Great Valley was deposited, usually forms the ~~the~~ hanging wall of that fault. A related thrust fault, called the Stony Creek Fault in this area, forms the contact between the serpentine and the basal Great Valley unit, which is the Knoxville Fm.

A second type of serpentinite, termed "detrital" serpentinite, occurs as large exotic blocks within the Knoxville Fm. ~~and these~~ which are interpreted to be underwater landslide blocks that came to a rest on the depositional surface of the Knoxville. These serpentinites are characterized by a texture consisting of variable sized clasts of serpentinite (up to large boulders) and smaller clasts of Knoxville mudstone and siltstone in a variably flattened matrix comprised of serpentinite and/or fine grained clastics.

Volcanic rocks belonging to the Quaternary Clearlake Volcanics are an important part of the ^{regional} geologic setting ^{immediately} east and southeast of Clearlake, however there are no known volcanic rocks on the surface in the Cherry Hill - Elgin Mine ~~area~~ area. Very young volcanic rocks or an active magma chamber are expected to be at a shallow depth in this area, however, due to the active sulfurous hot spring activity and associated sulfur-mercury-gold mineralization.

Structure in the region ^{is} dominated by the above ~~mentioned~~ ^{northwest trending} Coast Range Fault and Stony Creek Fault, and by folding related to these faulting (subduction) events. In the Cherry Hill - Elgin Mine area, a northwest trending complexly folded zone, termed the Willow Springs Structure, creates a prominent structural grain.

	Al ₂ O ₃ ppb	oz/ton	Ag	As	Sb	Tl ppm
1210	720	.021	.1	< 1	4.5	.7
11	110	.003	<	1		.2
12	<		<	1		< .1
13	<		<	5		<
14	570	.017	<	1	5.5	.2
15	580	.017	<	1	3.5	.2
16	480	.014	<	1	1.5	.3
17	260	.008	.1	<		.4
18	20		.2	1		<
19	<		<	<		<
20	100	.003	<	2		<
21	<		<	1		<
22	<		<	1		<
23	20			< 1		.4
24	<			1		.5
25	20			1		.5

Repl.
6182 AN 20

6183 AN 390 .01

618 7527 #1

18378 -

381

and 1 standard

10-run standard

1130 ppb